Financial position of public section banks banks

2054. SHRI RAOOF VALIULLAH: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware that there is a basic problem in Indian banking system and that several public sector banks do not have a healthy financial position; if so, what urgent steps Government intend to take in the matter;

(b) whether the banks are in possession of precise estimates of the non-performing assets in their portfolio and whether there are any uniform methods to identify and estimate such assets; if so, what are the details thereof; and

(c) whether Government will reconsider the decision to preclude banks from showing their profit and loss accounts and require the banks to be more open in their financial performance by initiating a suitable legislation to this effect?

THE MINISTER OF FINANCE (PROF. MADHU DANDAVATE): (a) to (c) The public sector banks have been consistently earning profits for the last several years. The published profits of the 28 public sector banks which stood at Rs. 192.23 crores in 1986 have progressively increased to Rs. 364.90 crores as at the end of March, 1989.

Government and Reserve Bank of India (RBI) have taken series of measures to improve the financial position and profitability of the public sector banks including, *inter-alia*, augmentation of the share capital of the public sector banks, higher coupon rate on Government Securities. Emphasis has been laid on consolidation of the banking system. Banks have been advised to draw up action plans with a view to improving their operational efficiency by strengthening organisational structure. upgradation of internal supervision and control system, enhancing capacity and quality of training for human resource development, better credit and fund management etc. Banks have also been advised to critically analyse their income and expenditure with a view to finding ways and means for improving profitability and to ensure better funds management and effecting quick recovery of their dues. Prudential norms for banks on credit exposure ceilings and classifying the advances under different health codes have been prescribed by the RBI.

The public sector banks prepare their Balance Sheets and Profit and Loss Accounts in accordance with the formats prescribed in the Banking Regulation Act, 1949. In terms of the Statutes governing the public sector banks and in accordance with the practices and usages customary among the bankers, the information relating to the total amount of bad and doubtful debts for which provision has been made to the satisfaction of the Statutory Auditors of the Banks cannot be divulged. However, the need for greater transparency in the Annual Accounts of the public sector banks is receiving the attention of Government and RBI.

Income-tax raid on Jaina Properties

2055. SHRI VITHALRAO MADHAVRAO JADHAV: Will the Minister of FINANCE be pleased to state:

(a) whether the office and residential premises of Shri Rajender Jaina, a noted builder of Delhi were raided by the Income-tax authorities during the last three years; and

(b) if so, what is the latest position of the cases filed against him?

THE MINISTER OF FINANCE (PROF. MADHU DANDAVATE): (a) Yes, Sir. The Income-tax Department conducted searches on the office and residential premises of Shri Rajender Jaina of Delhi on 18.1.1989.